

INTERNET DOCUMENT INFORMATION FORM

**A. :Report Title:** Embracing World Class Standards

**B. DATE Report Downloaded From the Internet** \_18 Mar 98

**C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #):** The Under Secretary of Defense for Acquisition and Technology

**D. Currently Applicable Classification Level:** Unclassified

**E The foregoing information was compiled and provided by:**  
**DTIC-OCA, Initials:**\_\_\_PM\_\_\_\_\_ **Preparation Date:**18 Mar 98

*DIST - A*

The foregoing information should exactly correspond to the Title, Report Number, and the Date on the accompanying report document. If there are mismatches, or other questions, contact the above OCA Representative for resolution.

**DTIC QUALITY INSPECTED 4**

**19980323 033**

**"Embracing World Class Standards"**

**Address of  
The Under Secretary of Defense for Acquisition and Technology  
Dr. Paul G. Kaminski**

**to the  
1996 World Standards Day Banquet  
Renaissance Hotel, Arlington, VA**

**October 16, 1996**

It is a pleasure to be with you tonight. I intended to address you last year, but a last minute schedule change interrupted those plans. That was my loss. So for me, this evening is truly a special occasion. It is an opportunity for me to make good on a commitment I extended over a year ago.

Let me begin by acknowledging that standards have made a significant contribution to all facets of our economy and our modern day lives. Standards—open standards in particular—have promoted international commerce and competition; they have contributed to consumer safety; and, without them, our economy would be weak and stagnant.

Without question, there is just no substitute for continuous development, adoption and implementation of world class standards. More importantly, the right incentives must be in place to make the transition from familiar old practices to new ways of doing business.

It reminds me of a story about the initial attempts at economic restructuring in the waning days of the former Soviet Union. A Soviet economist, when asked how the Soviet Union was proceeding with the implementation of Perestroika, responded with this vivid and very telling description: "It's as if England had decided to switch from driving on the left to driving on the right side of the road, and then proceeded to implement that decision gradually. . . the first year for cars; the second year for buses; and the third year for trucks!"

I think you would agree with me that in this environment there is very little incentive to change one's driving habits until the trucks make the change in year three. The problem is that the cars and buses do not make the switch as planned, and as a result, year three never seems to come around. This lesson was not lost on Secretary of Defense Bill Perry when he launched a DOD-wide MILSPEC reform initiative in June 1994.

Practically overnight, the entire system of incentives and rewards within DOD for using MILSPECs and MILSTDs was turned on its head. Today, a program manager must first obtain a waiver and justify why the use of a MILSPEC or MILSTD is necessary. Twenty-seven months ago, the onus was on the program manager to justify the use of anything other than an approved MILSPEC or MILSTD.

In those days, if you had advocated a performance-based specification or used a commercial standard, and if something went wrong, then you would be almost certainly second guessed and your decision would be subjected to intense scrutiny. Your career was on the line for taking a prudent risk that saved substantial sums of money.

In those days, it was safe to go with an approved MILSPEC or MILSTD. The costs associated with those decisions were not an issue because our defense acquisition system was conditioned by the Cold War – we believed our very survival as a nation was at stake. As a consequence, we were quite willing to bear any cost, including the cost of supporting whole new industries. In some cases, we did exactly that.

In 1965, the commercial sector's investment in R&D surpassed that of the Defense Department and the disparity has been growing ever since. This R&D investment growth pattern has built a large, dynamic economy and established the commercial sector as the driving force behind the pace of technological innovation in the country today.

From a Department of Defense perspective, we must have continued access to leading edge technologies and cost is an issue. We must be able to rapidly insert new technologies into weapons systems at an affordable cost. This means we need to encourage our defense suppliers to buy off commercial production lines and adopt world class commercial practices and processes themselves.

We have found, and much of industry has echoed, that our prior application of defense-unique requirements often presented barriers to achieving these goals. To help eliminate these barriers, we are pursuing a multi-pronged strategy. I would like to now share with you some of my thoughts about three of those prongs during the remainder of my talk tonight. They are:

One, we are committed to using non-Government standards and performance-based specifications on all new contracts.

Two, we are committed to working with industry to establish world class, non-Governmental standards that support open architectures.

And three, we are committed to consolidating and eliminating the number of government imposed processes in our supplier's facilities through "block changes" to existing contracts.

### **MILSPEC REFORM**

We have made some significant progress on the first prong. We have achieved great success in incentivizing the use of non-Government standards on our new contracts. As I said earlier, we have done this by requiring that waivers must first be obtained in cases where military or federal specifications or standards are deemed to be necessary. And even in cases where military or federal specifications or standards are approved, the solicitation will typically contain language encouraging offerors to propose alternatives. From an incentives standpoint, the "shoe is on the other foot" each time we write a new contract.

In those cases when requirements are uniquely military and there is no comparable industry standard, the Department is using, wherever it is possible, performance-based specifications rather than "build to" specifications. Performance-based specifications focus on what performance is expected, and do not describe how to accomplish the task. When written properly, these documents promote competition and enhance quality, reliability, and supportability by providing our suppliers with the greatest possible latitude for innovation.

We have adjusted the training curricula of the schools in the Defense Acquisition University consortium to make sure the new policies are understood by our acquisition workforce, and put into action. In addition, every military specification and standard in the DoD Index — over 30,000 documents — has been screened with a view towards cancellation, inactivation, or replacement with a performance specification, non-Government standard, or guidance handbook. To date, over 4,000 military specifications and standards have been canceled or inactivated.

We are beginning to see the benefits of these MILSPEC reforms. The evidence is still mostly anecdotal — but we are seeing savings on major programs like the Joint Direct Attack Munition, the C-17 and the SMART-T, and on thousands of small purchases of items like T-shirts and socks.

There are many who have expressed concerns about the rapid manner in which the Department has pursued MILSPEC reform. I'd like to stress that the Department is not operating unilaterally. Quite the contrary is true. We have been very careful to coordinate our actions with key elements of the private sector — both industry associations and non-Government standards bodies.

In cases where we intend to cancel documents, we notify interested parties of our plans by publishing lists of the documents proposed for cancellation in letters to industry associations; announcements in the Commerce Business Daily; and postings to the DOD MILSPEC Reform Home Page on the world wide web. By the way, during September 1996, the MILSPEC Reform Web site was accessed over 135,000 times.

We also use ad hoc government-industry groups as "sounding boards" to get early feedback on potential plans. A prime example is a group called Equal Partner Implementation Committee (EPIC). Chaired by a member of my staff, this committee is composed of private sector standards developers and federal agencies, which seek to foster greater use of non-Government standards in federal agencies.

Another example is the Aerospace Industries Association's (AIA) "Early Warning Project Group." The group is composed of standards and materials engineers who represent AIA member companies. This group provides industry views on proposed cancellations of government specifications and coordinates industry efforts to identify and adopt suitable replacements.

If, as a result of our coordination efforts, we receive compelling rationale for not canceling a military document, we change our plans.

## **OPEN STANDARDS**

This leads me to the second prong. It is one thing to jump away from an old way of doing business and to cancel outdated standards. It is quite another to be able to jump onto something new and to ensure replacement standards are available. Dr. Deming, recognizing this need, once said "Standards are so commonplace. . . we forget that they have to be created: they do not come into the world ready made and without effort."

The Department is working in partnership with industry to determine where non-Government standards supporting open systems architectures exist, or should be developed, to replace military specifications and standards. We recognize that some needed non-Government standards may never become available without the active participation and leadership of DOD personnel. Accordingly, DOD employees are encouraged to participate in appropriate standards-developing professional societies and industry associations, to include consensus standards organizations, such as the American Society for Testing and Materials, and the Society of Automotive Engineers.

The Defense Standards Improvement Council recently adopted a strategic plan for transitioning from reliance on military specifications and standards to non-Government standards. The plan, and accompanying list of military documents which, we believe, have potential for replacement by non-Government standards has been

provided to the industry members of the council. Those members are acting as a key link between DOD and industry in identifying or developing non-Government standards.

The American National Standards Institute is pursuing a project known as the National Standards System Network (NSSN). This effort promises to deliver a seamless interface from internal information networks to the standards of dozens of government and private sector organizations.

A number of the organizations represented here this evening are also involved with this effort. I am a strong supporter of the NSSN because I believe that such a network has tremendous potential to save money and time by providing a full-text, searchable, electronic data base of specifications and standards.

As a result of efforts like these, we have significantly increased the number of such standards adopted by DOD—adding over 1200 during fiscal year 1995, the largest annual increase ever. In all, we have adopted over 7,500 non-Government standards, comprising nearly one-fifth of all the specifications and standards listed in the DoD Index.

We are looking forward to a day when the use of national and international, voluntary standards supporting open systems architectures will generally replace the use of unique internal standards and specifications.

### **SINGLE PROCESS INITIATIVE**

The third prong I'd like to talk about is the Department's Single Process Initiative, begun in December of last year. It is significant in that it is aimed at changing existing contracts to address a very real problem in many of our contractor's facilities—the requirements that impose different processes to manufacture similar product lines.

In just one factory, a defense contractor was forced to use eight different soldering specifications—five for the government and three for commercial clients purchasing similar types of products.

This meant the workers had to be trained on all eight soldering and inspection techniques. It also meant that the contractor had to maintain eight different types of production documentation. This cost him more. In turn, he passed those costs on to us. That is fair, but it is expensive. It is expensive for the Department and the taxpayer.

With this single process initiative--starting on existing contracts--we will reduce the number of processes used. We are seeking to modify the contracts as a 'block', not

simply contract by contract. Our objectives are: one, save money; two, obtain a better product; and three, foster a more competitive industry.

In the first nine months since we launched this effort, we have received 295 concept papers from 91 contractors proposing to modify 364 processes. Thirty-three contractors have modified 90 process. Our ACOs have signed block change modifications with Texas Instruments, Raytheon, Northrop-Grumman, Allied Signal Engines, ITT Avionics, and Lockheed Martin Federal Systems – to name a few. In what I call the “mother of all block changes,” a single block change modification impacting 884 contracts at 16 separate Raytheon facilities, was signed on April 17, 1996.

I am seeing evidence that this SPI effort is now taking root within a wide spectrum of our supplier base.

### SUMMARY

In closing, my thoughts on embracing world class standards for the coming century can be summarized as follows:

- We are witnessing the most dramatic changes to the Defense Standardization Program since it was established in 1952, and contrary to a popular myth, we are not discarding all specifications and standards in the Department of Defense – only the unnecessary ones;
- We are committed to using world class non-Government standards and performance-based specifications on new contracts – MILSPECs and MILSTDS may be used if a waiver is obtained first;
- We are working with industry to ensure world class standards – whether they be military or non-Government – are available for our use on future contracts and support open systems architectures; and
- We have implemented a very successful single process initiative to change existing contracts – we are converting entire facilities to a fewer number of world class processes.

I think even the Soviet economist I spoke of earlier would acknowledge that we are getting it done – cars, buses and trucks are all learning how to drive on the other side of the road – at the same time and within two short years!

On behalf of Secretary Perry and myself, I would like to extend our congratulations to all of you who are making this happen and creating the very useful, very necessary, and very vital standards that we celebrate this evening.